UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/710,611	07/23/2004	Lee J. Peart	03292.101090.5	4610

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EXAMINER
CHAI, LONGBIT

ART UNIT	PAPER NUMBER
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) ☒ Responsive to communication(s) filed on *16 April 2008*.

2a) ☒ This action is **FINAL**.   2b) ☐ This action is non-final.

3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) ☒ Claim(s) *1-7,15-19 and 21* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) ☐ Claim(s) _____ is/are allowed.

6) ☒ Claim(s) *1-7,15-19 and 21* is/are rejected.

7) ☐ Claim(s) _____ is/are objected to.

8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) ☐ The specification is objected to by the Examiner.

10) ☒ The drawing(s) filed on *23 July 2004* is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a) ☐ All   b) ☐ Some * c) ☐ None of:

       1. ☐ Certified copies of the priority documents have been received.

       2. ☐ Certified copies of the priority documents have been received in Application No. _____.

       3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____.

4) ☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

1.   Currently pending claims are 1 – 7, 15 – 19 and 21.

Response to Arguments

2.   Applicant's arguments with respect to instant claims have been fully considered but are

moot in view of the new ground(s) of rejection necessitated by Applicant's amendment.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of
> matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the
> conditions and requirements of this title.

3.   Claim 21 (the newly added claim filed on 4/16/2008) is rejected under 35 U.S.C. 101

because the claimed invention is directed to non-statutory subject matter where "A computer-

readable medium having stored thereon sequences of instructions" as recited in the claim may

be reasonably interpreted as being not limited to computer readable storage medium (SPEC:

Para [0005]: even though a computer readable storage medium is disclosed in the specification

– however, a computer readable medium is not clearly defined in the specification) – i.e., may

be intended to include communication medium (as one type of computer-readable media) that

may include signals / carrier waves which "bear" instructions as claimed. Such embodiments of

the "manufacture" are not computer elements which define structural and functional

interrelationships between the instructions and the rest of the computer that permit the

functionality of the instructions to be realized.

Examiner respectfully suggests an amendment of the claim language from "A computer-

readable medium" to "A computer-readable storage medium" for clarity purpose.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

A person shall be entitled to a patent unless –

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

4.   Claims 1 – 7, 15 – 19 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable

over Linehan (U.S. Patent 7,103,575), in view of Vuong et al. (U.S. Patent 2003/0195037).

As per claim 1 and 21, Linehan teaches method for securing a transaction utilizing a

proximity integrated circuit (PIC) transaction device (Vuong : see below) and a terminal system

(Linehan: Column 1 Line 8 – 17) comprising:

determining a first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal

makes a preliminary decision – i.e. a first terminal analysis result), at the terminal system, based

at least in part on **one of an authentication of** authenticating the PIC transaction device using

Offline Data Authentication (ODA) (Linehan : Column 9 Line 25 – 30, Column 8 Line 22 – 24

and Column 8 Line 43 – 45: ODA is disclosed and can be used and performed for transactions

involving small amount of money), a transaction process restriction, and a merchant risk

management factor (Linehan: Column 3 Line 19 – 21), the first terminal analysis result indicating

at least one of approving the transaction offline, approving the transaction online, and denying

the transaction (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision (i.e.

a first terminal analysis result) whether to decline the transaction, authorize on-line, or attempt

off-line authorization);

determining a first PIC analysis result, at the PIC transaction device, the first PIC

analysis result indicating at least one of approving the transaction offline, approving the

transaction online, and denying the transaction (Linehan : Column 8 Line 22 – 24, Column 9

Line 25 – 30 and Column 8 Line 43 – 45); and

if the terminal system receives a PIC issuer's response authorization during online

authorization (Linehan: Column 9 Line 45 – 53, Column 6 Line 41 – 44 and Column 8 Line 38 –

46: the smart card issuing bank responds to the authorizing request), determining a second

terminal analysis result, at the terminal system, based at least in part on a predetermined rule

(Linehan: Column 8 Line 38 – 46) and at least one of the first terminal analysis result (Linehan:

Column 8 Line 22 – 24: the terminal makes a preliminary decision – i.e. the first terminal

analysis result) and the first PIC analysis result (Linehan: Column 6 Line 51 – 57: i.e. smart card

authentication), the second terminal analysis result indicating at least **one of** approving the

transaction offline and denying the transaction (Linehan: Column 10 Line 60 – 67 / Line 36 – 41:

the second terminal analysis result assures the successful completion of the verification means

in addition to the preliminary decision).

Linehan teaches a method for securing a transaction initiated with a integrated circuit

(PIC) transaction device (Linehan : Column 1 Line 8 – 17). However, Linehan does not

disclose expressly the proximity integrated circuit (PIC) transaction device.

Vuong teaches a proximity integrated circuit (PIC) transaction device (Vuong : Para

[0014] and Para [0015]).

It would have been obvious to a person of ordinary skill in the art at the time the

invention was made to combine the teaching of Vuong within the system of Linehan because (a)

Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC)

transaction device (Linehan : Column 1 Line 8 – 17, and (b) Vuong teaches an alternative

method for securing a transaction initiated with a proximity integrated circuit (PIC) transaction

device such as a RFID circuit (Vuong: Vuong : Para [0014] / Para [0015] and Abstract).

As per claim 15, Linehan teaches a system for securing a transaction comprising:

a proximity integrated circuit PIC transaction device (Vuong : see below), the PIC

transaction device being operable to determine a first PIC analysis result, the first PIC analysis

result indicating at least one of approving the transaction offline, approving the transaction

online, and denying the transaction (Linehan : Column 8 Line 22 – 24, Column 9 Line 25 – 30

and Column 8 Line 43 – 45); and

a terminal system in communication with the PIC transaction device, the terminal system

being operable to:

determine a first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal

makes a preliminary decision – i.e. a first terminal analysis result) based at least in part on one

of an authentication of the PIC transaction device using Offline Data Authentication (ODA)

(Linehan : Column 9 Line 25 – 30, Column 8 Line 22 – 24 and Column 8 Line 43 – 45: ODA is

disclosed and can be used and performed for transactions involving small amount of money), a

transaction process restriction, and a merchant risk management factor (Linehan: Column 3

Line 19 – 21), the first terminal analysis result indicating at least one of approving the

transaction offline, approving the transaction online, and denying the transaction (Linehan:

Column 8 Line 22 – 24: the terminal makes a preliminary decision (i.e. a first terminal analysis

result) whether to decline the transaction, authorize on-line, or attempt off-line authorization);

and

determine a second terminal analysis result, if the terminal system receives a PIC

issuer's response authorization during online authorization (Linehan: Column 9 Line 45 – 53,

Column 6 Line 41 – 44 and Column 8 Line 38 – 46: the smart card issuing bank responds to the

authorizing request), based at least in part on a predetermined rule (Linehan: Column 8 Line 38

– 46) and at least one of the first terminal analysis result (Linehan: Column 8 Line 22 – 24: the

terminal makes a preliminary decision – i.e. the first terminal analysis result) and the first PIC

analysis result (Linehan: Column 6 Line 51 – 57: i.e. smart card authentication), the second

terminal analysis result indicating at least one of approving the transaction offline and denying

the transaction (Linehan: Column 10 Line 60 – 67 / Line 36 – 41: the second terminal analysis

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Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC)

transaction device (Linehan : Column 1 Line 8 – 17, and (b) Vuong teaches an alternative

method for securing a transaction initiated with a proximity integrated circuit (PIC) transaction

device such as a RFID circuit (Vuong: Vuong : Para [0014] / Para [0015] and Abstract).

As per claim 2 and 4, Linehan as modified teaches authentication includes

authenticating offline, apportion of application data stored in the PIC (Linehan : Column 9 Line

25 – 39 and Column 7 Line 26 – 28).

As per claim 3, Linehan as modified teaches authorizing the transaction online (Linehan : Column 8 Line 47 – 58).

As per claim 5, Linehan as modified teaches authenticating a transaction device issuer online (Linehan : Column 8 Line 63 – 65).

As per claim 6, Linehan as modified teaches authorizing the transaction by requesting application data from the PIC (Linehan : Column 7 Line 26 – 28).

As per claim 7, Linehan as modified teaches receiving a response to a request for transaction device issuer authentication online, using the response to the request for authorization of the transaction device issuer as an input to the second terminal analysis result (Linehan : Column 7 Line 26 – 28, Column 9 Line 45 – 53, Column 6 Line 41 – 44, Column 8 Line 38 – 46 and Column 10 Line 60 – 67 / Line 36 – 41: (a) determine the disposition of the transaction request (declined or acceptable) based upon a response to a request for transaction device issuer authentication online) (b) the smart card issuing bank responds to the authorizing request and (c) the second terminal analysis result assures the successful completion of the verification means in addition to the preliminary decision).

As per claim 16 and 18, Linehan as modified teaches said PIC transaction device is operable to provide a plurality of cryptogram applications (Linehan: Column 8 Line 2 – 3), a plurality of issuer predetermined transaction processing rules (Linehan: Column 8 Line 38 – 40), a issuer defined dataset for use in performing an issuer defined risk management analysis (Linehan: Column 3 Line 19 – 21), and a plurality of transaction disposition cryptograms in

response to a command dataset for use in communicating with said PIC transaction (Linehan:

Column 4 Line 66 – Column 7 Line 16)..

As per claim 17, Linehan as modified teaches said terminal system is operable to

generate a merchant transaction disposition in accordance with a merchant risk management

analysis performed by a merchant risk management application (Linehan : Column 6 Line 24 –

44, Column 9 Line 25 – 41 and Column 3 Line 19 – 21).

As per claim 19, Linehan as modified teaches said terminal system is operable to

authorize said the transaction in response to receipt of at least **one of** a PIC transaction device

cryptogram application, a issuer predetermined transaction processing rule, a issuer defined

dataset for use in performing an issuer defined risk management analysis, an issuer provided

authentication cryptogram, and a transaction disposition cryptogram, and a merchant risk

management analysis (Linehan : Column 10 Line 66 – 67, Column 6 Line 24 – 44, Column 9

Line 25 – 41 and Column 3 Line 19 – 21).

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this

Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant

is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE

MONTHS from the mailing date of this action. In the event a first reply is filed within TWO

MONTHS of the mailing date of this final action and the advisory action is not mailed until after

the end of the THREE-MONTH shortened statutory period, then the shortened statutory period

will expire on the date the advisory action is mailed, and any extension fee pursuant to 37

CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event,

however, will the statutory period for reply expire later than SIX MONTHS from the date of this

final action.

Any inquiry concerning this communication or earlier communications from the examiner

should be directed to LONGBIT CHAI whose telephone number is (571)272-3788. The

examiner can normally be reached on Monday-Friday 9:00am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Ayaz R. Sheikh can be reached on 571-272-3795. The fax phone number for the

organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent

Application Information Retrieval (PAIR) system. Status information for published applications

may be obtained from either Private PAIR or Public PAIR. Status information for unpublished

applications is available through Private PAIR only. For more information about the PAIR

system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private

PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you

would like assistance from a USPTO Customer Service Representative or access to the

automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Longbit Chai/
Longbit Chai Ph.D.
Primary Examiner, Art Unit 2131
5/19/2008